



NORTH FLORIDA DISTRICT NEWS

FALL 2002

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SBA LOWERS 7(a) LOAN MAXIMUM TO ENSURE UNINTERRUPTED SERVICE TO CREDIT CLIENTS

The SBA implemented a \$500,000 limit on most guaranteed loans – a step that will leave the vast majority of its small business credit customers unaffected. “This is not a step that we take lightly, but after weighing the facts, this is the best solution to the strict limits placed on our total loan authority by the continuing resolution,” said SBA Administrator Hector V. Barreto. “Fully 87 percent of 7(a) loans made to small businesses in 2002 are under \$500,000. The alternatives are frequent program shutdowns within days of the passage of each continuing resolution until our 2003 budget is passed.” Previous Administrators have capped 7(a) loans at \$500,000 for limited periods, once in 1995 and again in 1997. Barreto noted that even though 87 percent of the loans backed by SBA guarantees are under \$500,000, the remaining 13 percent of the program’s borrowers consume 51 percent of the allocated loan dollars. **The agency will continue to make loans greater than \$500,000 under the STAR (Supplemental Terrorist Activity Relief) program**, which provides SBA-backed financing to small businesses adversely affected by the events of Sept. 11, 2001, and under the **504 program**, which provides financing packages for small businesses that seek to purchase or renovate fixed assets, including real estate, buildings and machinery and equipment. The maximum size for STAR loans is \$2 million.

The maximum SBA share of a financing package under the 504 program is generally \$1 million. Under the current continuing resolution – a short-term legislative device that allows federal agencies to continue operating until their final budgets are adopted. “We will work with the banking community to minimize the impact on the capital requirements of the North Florida small business community,” says Wilfredo J. Gonzalez, North Florida District Director. Barreto said the agency will revisit the \$500,000 cap when its final FY 2003 budget is adopted.



The Defense Appropriations Act, signed by President Bush on January 10, 2002, reduces the on-going fee charged to the lender on new 7(a) loans made to small businesses that were “adversely affected” by the September 11, 2001, terrorist attacks and their aftermath. Small businesses hurt by the Sept. 11 terrorist attacks may be eligible for extra loan relief under the SBA’s new Supplemental Terrorist Activity Relief—STAR program. The program is available nationwide and has \$4.5 billion in additional funding for 7(a) loans. The maximum size for a STAR Loan is \$2 million. The program is available until January 10, 2003, or until all the funds are expended. For more information about all of the SBA’s programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA or TDD 704-344-6640. Also, visit the SBA’s extensive Web site at www.sba.gov.

The **North Florida District News** is a quarterly publication of the U. S. Small Business Administration, North Florida District Office, Jacksonville, Florida.

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Messages from District Director . . . **Wilfredo J. Gonzalez**

National Entrepreneur Center to Open in Orlando-

The National Entrepreneur Center (NEC) is a special initiative between the SBA, Orange County Government, Walt Disney World and the University of Central Florida. The Center is anticipated to open in January of 2003 and will be located in the Landmark Center One Building, downtown Orlando. Disney has pledged \$1 million over a five-year period in support of the NEC, and presented its first year check to the managing partners. The National Entrepreneur Center is based on the successful SBA model of the National Entrepreneur Center in San Jose, Calif., which opened in 2000. It will offer access to small businesses at each stage of business development, and provide information and services, tailored to the unique needs of the central Florida small business community.

“This is a chance for us to expand our ongoing commitment to helping small businesses achieve their full potential, and share the knowledge we have gained from working with all of our small business customers,” said SBA’s North Florida District Director Wilfredo J. Gonzalez. Please keep an eye out for more exciting news concerning the Center in upcoming months.

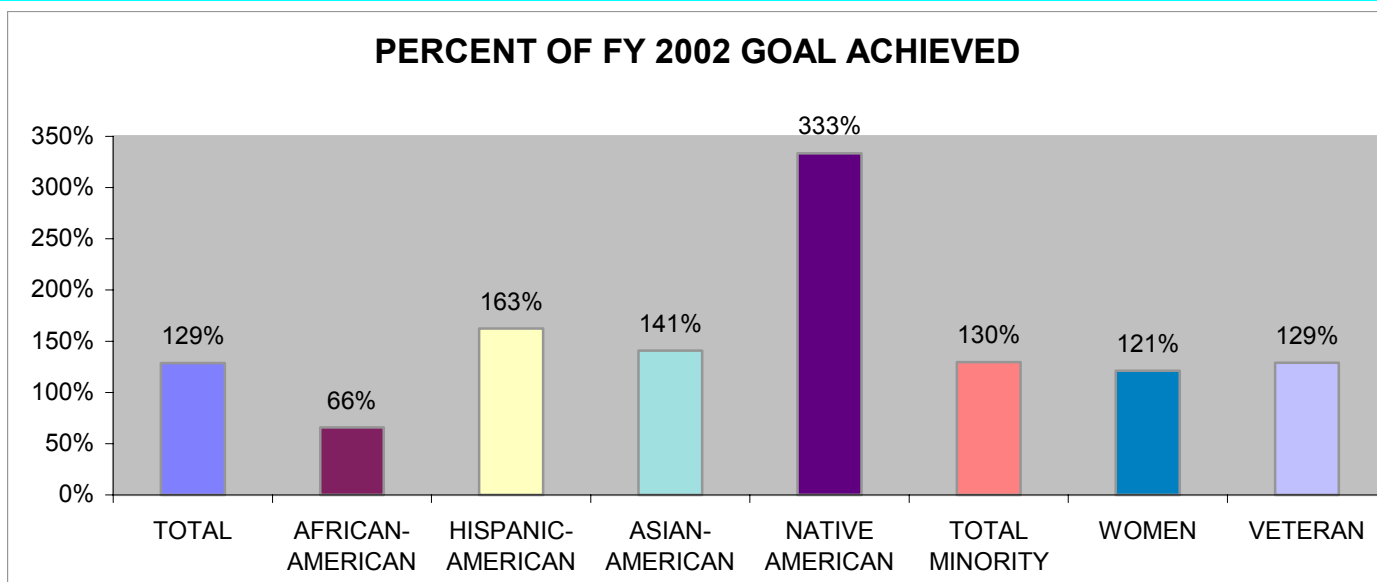
Pictured above: Walt Disney World, Inc. President, Al Weiss with SBA Administrator, Hector Barreto, in front of a check made out to the Center in the amount of \$200,000.



SBA Staff News: We would like to welcome Ed Phillips, Business Opportunity Specialist, to the SBA North Florida District office. Ed previously worked with the 8(a) Program in the Birmingham District office. We are very happy to have Ed on our 8(a) Team!

We would also like to welcome Robert Chavarria to the North Florida District Office as a new Economic Development Specialist. Robert will be located in the Orlando area to handle the many SBA needs in the Central Florida area.

FY 2002 LOAN GOALS PERCENT OF GOAL ACHIEVED FOR NORTH FLORIDA for Fiscal Year 2002



SBA North Florida District Office Staff Directory

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SBA Export-

Do your clients have UFO'S?

Unidentified Foreign Orders that is! We need your help in identifying Bank/SBA clients who have export sales which will help us make our goals and you **increase your profitability**. SBA is undertaking a task to properly identify all loans made under any of our programs that help companies who have even a minimal amount of export sales. When completing the SBA Application Form 4, the client needs to answer questions number 18, 19, & 20. If the answer is yes to any one of these, please let us know in your cover letter or by writing **EXPORT** on the front of the application. PLP Lenders need to make sure the Sacramento Office is informed of the yes answers. Express lenders should identify exporters **as this can result in a higher guaranty by SBA**. (Call SBA for details) **504** also has a public policy goal of expansion of exports that allows a **higher debenture; the threshold is that only 10% of existing or projected sales are exports**. A University of Georgia study, and other national studies, has found that export companies tend to **pay at least 7% more to their employees and grow faster than their non-exporting counterparts**. This means that properly identified clients will probably become the higher performing and more profitable customers, not to mention their employees. We have seen many of our export companies grow beyond SBA's lending limit in the first two to three years. **Good for you, good for them, good for us, and good for our country. Added bonus:** If the client requests information on exporting, we will contact them with a full range of services available from our US Export Assistance Center. This includes marketing assistance from the Department of Commerce, various State partners, and other partners of the center. Finance assistance is not only available from SBA but Export/Import Bank provides a number of programs that include foreign receivable insurance and foreign buyer financing. Most of this **information and assistance is free and endears you to your client**. However, if they do not want additional information, **just say no**, and we will leave them alone. So help the SBA and Congress identify the assistance being provided to exporting companies and you will be helping yourself identify some of your best customers and offer them other services that will keep their increasing deposits at your institution. Please contact the SBA, by phone or email, if you wish additional information on finding and identifying those UFO's.

SBA US Export Assistance Center
Mary Hernandez, Regional Manager
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SBA NORTH FLORIDA DISTRICT OFFICE

504 Loan Approvals/Acceptances by Number of Loans Made for FY 2002

Lender	No. of Loans	504 \$ Amount	1st Mtg. \$ Amount	Total
FLORIDA FIRST CAPITAL FI- NANCE CORP, INC.	27	\$11,514,000	\$18,490,645	\$30,004,645
BUSINESS DVPMT CORP. OF NE FLORIDA, INC.	15	\$6,973,000	\$13,271,012	\$20,244,012
JACKSONVILLE ECON. DVPMT COMPANY, INC.	18	\$5,770,000	\$7,694,483	\$13,464,483
FLORIDA BUSINESS DVLPM T CORPORATION	8	\$4,541,000	\$5,568,075	\$10,109,075
NORTH CENTRAL FLORIDA AREAWIDE DVLPT CO., INC	8	\$1,343,000	\$1,724,125	\$3,067,125
ALACOM	1	\$191,000	\$371,940	\$562,940
COASTAL AREA DISTRICT AUTHORITY, INC.	1	\$699,000	\$847,006	\$1,546,006
TOTAL	78	\$31,031,000	\$47,967,286	\$78,998,286

<http://www.sba.gov/espanol/>

SBA Launches New Site in Spanish-

La Agencia Federal Para el Desarrollo de la Pequeña Empresa - The SBA announced the launch of its new Spanish-language Web site. The site is aimed at reaching the growing Hispanic business community and the Spanish-speaking community at large with a business tool to help current and aspiring owners to start and grow their businesses successfully. The site, www.sba.gov/espanol/, responds to the needs of a segment of the U.S. population that, according to the Census 2000, has grown to become the largest ethnic minority in the country, with more than 35 million people. According to statistics gathered by a leading Spanish-language Internet provider, 78 percent of all Hispanics have access to the Internet.

FY 2002 Top Lenders ***(As of September 30, 2002)*** **-Loan totals in parenthesis-**

1. Bank of America (169)
2. Liberty National Bank (88)
3. Banco Popular N.A. (78)
4. CIT Small Business Lending Corp. (65)
5. CenterBank of Jacksonville (27)
First Coast Community Bank (27)
6. Comerica Bank (23)
7. Business Loan Center (19)
Wachovia Bank/First Union (19)
8. First National Bank of Nassau County (18)
9. Bankfirst (15)
CNB National Bank (15)
Commercial Bank of Florida (15)
Monticello Bank (15)
Premier Bank (15)

Counsel's Corner

7(a) Guaranty Purchase Issues

By Paul Arrington , SBA District Counsel

Did you know that adopting and following a closing checklist specifically designed to assist you as a lender and your closing attorney on SBA loans greatly reduces the chances that you may overlook something during the loan closing process that SBA will consider important when asked to purchase the guaranty? The following are ten of the most frequently seen, sure-fire ways to jeopardize your SBA guaranty, some (BUT BY NO MEANS ALL) of which are closing issues that can be prevented by following an SBA loan checklist. **DO NOT DO THE FOLLOWING:**

1. Never document the borrower's equity injection.
2. Save the borrower money by limiting the borrower's mortgage to current equity.
3. Never run both pre- and post-filing UCC lien searches.
4. If you do order lien searches, limit your searches to the borrower's trade name.
5. Do not bother to require and retain paid receipts or other documentation verifying proper use by the borrower of all disbursements.
6. After initially requiring the borrower to satisfy the loan authorization's hazard or other insurance requirements, allow the insurance to lapse.
7. When the borrower does renew the hazard insurance, allow the borrower to obtain insurance without a standard mortgagee clause.
8. Do not retain in your file IRS tax return verification.
9. Rely upon the SBA loan authorization, signed by the borrower, to serve as the Security Agreement.
10. Do not obtain and retain an itemized list of significant business personal property collateral as required by the loan authorization or as prudent lending otherwise may require.

SBA Policy Notice 5000-831 is a very important policy release that sets forth SBA's current guaranty purchase guidelines. A copy of this notice in Adobe PDF format can be obtained by going to www.sba.gov/banking/indexnotices.html.

As District Counsel I am pleased to address your legal concerns regarding SBA's programs. You can reach me at (904) 443-1999 or at paul.arrington@sba.gov.

NOMINATIONS DUE NOW For Prestigious SBA Awards!!!!

**For Nomination Guidelines and for the Nomination Criteria, please visit
<http://www.sba.gov/opc/pubs/nominations2003.html>.**

The U.S. Government sets aside one week every year to celebrate small businesses. Small Business Week for North Florida will be held May 5 through 9th. **Nominations are due by December 6, 2002!!!** Please submit your nominations (mail or deliver) to Lola Kress, SBA Public Affairs Specialist, 7825 Baymeadows Way, Suite 100B, Jacksonville, FL 32256-7504. The website listed above provides nomination criteria and detailed instructions.

The following lists the award categories for 2003:

Small Business Person Awards

- North Florida Small Business Person of the Year

Small Business Advocate Awards

- Entrepreneurial Success
- Financial Services Advocate of the Year
- Home-based Business Advocate of the Year
- Minority Small Business Advocate of the Year
- Research Advocate of the Year
- SBA Young Entrepreneur of the Year
- Small Business Exporter of the Year
- Small Business Journalist of the Year
- Veteran Small Business Advocate of the Year
- Women in Business Advocate of the Year

Phoenix Awards

- Disaster Recovery
- Outstanding Contributions to Disaster Recovery:
 - by a private-citizen volunteer
 - by a public official

Federal Procurement Awards

- Dwight D. Eisenhower
- Francis Perkins Vanguard
- Gold Star
- Small Business Prime Contractor
- Small Business Subcontractor

**For more information or for a 2003 Small Business Week Brochure, please contact SBA's
Lola Kress at (904) 443-1933 or lola.kress@sba.gov.**

SCORE SAYS.....

Please find the following list of updated SCORE Chapter Chairs and the information for the new SCORE District Director, Jerome Byrnes. These are great contacts for you and any possible clients, so please keep the listing!

Jacksonville SCORE

Jerome Byrnes

District Director

7825 Baymeadows Way

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Lake Sumter SCORE

Gayle Teerman, Chair

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